

president of the Equitable, and E. H. Peckert, treasurer of the Metropolitan.

Mr. Peckert testified that only 60 of the New York Life policyholders voted in the 1908 election of the company's directors. In 1909 32 out of 600 voted, and in 1911 41 policyholders voted.

President Peckert of the Metropolitan testified that in 1909 only 92 of the Metropolitan's 60,000 policyholders voted. In 1909 130 cast ballots and in 1911, when an opposition ticket was in the field, 13,000 votes were cast.

Mr. Peckert would not acknowledge that the Mutual company was largely self-perpetuating so far as its management was concerned. He knew of one occasion when Mr. Peckert himself conducted the campaign when the management thought a defeat might be possible.

Mr. Peckert testified that the Mutual sold 12,000 shares of its stock in the Bank of Commerce to James Stillman in April, 1911. This was half of the insurance company's holdings in that bank. The price paid was \$200 a share.

President Day of the Equitable testified that just about this time his company sold 25,000 shares of its stock in the Bank of Commerce to George F. Baker. In this case also the purchase represented one-half the shares held by the insurance company. This sale took place shortly after J. P. Morgan had acquired stock control of the Equitable.

Mr. Peckert denied that he had any knowledge of who was associated with Mr. Stillman in the purchase, and Mr. Day did not know who was associated with Mr. Baker. Mr. Peckert related that Mr. Baker was a member of the finance committee of the Mutual Life, which passed on the sale to Mr. Stillman.

Mr. Peckert was asked if he knew who the controlling forces were in many of the institutions in which the Mutual holds stock. He said that he knew who the officers were, but that was all.

"You know who dominates the First National Bank," asked Mr. Peckert. "I know who the most influential officer is," replied Mr. Peckert.

"Do you know who is the most influential officer of the Consolidated Gas Company?"

"No," was the reply. Mr. Peckert is in favor of the law passed by the New York State Legislature prohibiting insurance companies from buying stocks, but he would not say whether he would support it.

Mr. Day said that he did not know that Mr. Baker had a potential interest in the purchase of the Bank of Commerce stock bought from the Equitable. He gave the opinion that he got all that was possible to get for the stock at that time. Mr. Day testified that when he sold the Equitable's holding in the Mercantile Trust Company to Benjamin Strong, Jr., he did not understand that Mr. Strong was buying it for the Bankers Trust Company. About \$9,000,000 was involved in that transaction.

He did not know until recently that the Bankers Trust Company was operating under a trust in which Mr. Morgan was actively interested. Mr. Morgan owned stock control of the Equitable when the Mercantile Trust stock was sold to Mr. Strong.

Mr. Day acknowledged that the Equitable's deposits in the Mercantile were transferred after the sale to the Bankers Trust Company. Mr. Peckert wanted to know if the deposits of the Equitable in the Bankers Trust had not amounted to between \$5,000,000 and \$10,000,000. Mr. Day said that the deposits had been abnormally large because of the enforced sale of stocks by the society, but that the deposits with the Bankers Trust would now average between \$1,000,000 and \$2,000,000.

Exhibits introduced in evidence by J. P. Morgan & Co. showed that total deposits with that concern on November 1, 1912, were \$113,345,000 and that to this should be added \$49,146,000 deposited with Drexel & Co., the Philadelphia branch of the Morgan firm. Among the interstate banks having deposits with J. P. Morgan & Co. the following were named:

The Atchafalaya, Toledo and Santa Fe Railroad, American Telephone and Telegraph Company, Chicago and Great Northern, the Erie, the General Electric Company, the International Harvester, the International Mercantile Marine, Michigan Central, New York Central, New York, New Haven and Hartford, the Pullman Company, the Southern Railway and the United States Steel Corporation.

A statement by Morgan & Co. of the amount of securities of interstate corporations marketed by them from 1902 to 1912, inclusive, showed an aggregate of \$1,914,226,000. To this should be added securities amounting to 185,000,000 francs and 2,631,000 pounds.

The correspondence between J. P. Morgan, Jr., and Mr. Stillman and George F. Baker in regard to the participation of Mr. Stillman and Mr. Baker with Mr. Morgan in the Equitable purchase also were put in evidence.

The hearing will go on to-morrow.

DOCTORS TO SEE ROCKEFELLER

Pain Wants Report of His Own Physicians on Financier.

WASHINGTON, Jan. 7.—Chairman Pujo of the House investigating committee stated today that the committee would designate its own physicians to examine William Rockefeller and determine whether or not he was too disabled physically to testify.

This was after sworn certificates from Dr. Walter P. Chappell and Dr. Samuel W. Lambert of New York had been read in the record.

Dr. Chappell's certificate says in part: During the past eleven years I have been in almost constant attendance upon William Rockefeller, whose city address is at 435 Fifth Avenue, New York.

Mr. Rockefeller has been suffering from a gouty inflammation of the larynx and whooping, accompanied by swellings on the vocal cords. This has necessitated at various times six operations, the last one being of a more serious character. Since this operation Mr. Rockefeller has had intermittent attacks of edema of the larynx accompanied by some stenosis and spasms. This condition is brought on by talking, excitement or disturbance of the stomach and a severe attack would terminate fatally.

Since the last operation Mr. Rockefeller has also been unable to speak over a whisper and cannot express himself in that way for more than a few minutes with safety. The doctor advised complete rest of the larynx, or in other words, "the silent treatment."

Mr. Rockefeller is in his seventy-second year, and under no advice he has carefully followed a course of treatment since the last operation. It would not

only be an act of inhumanity to subject him to the excitement incident to his examination as a witness at this time but, in my judgment, it would actually endanger his life.

Dr. Lambert's certificate says: I have acted as general physician for William Rockefeller for 639 Fifth Avenue, New York, for about two years last past, having first attended him during an attack of pneumonia.

I have read the affidavit of Dr. Walter P. Chappell, verified on January 6, 1912, and I am familiar with the conditions of Mr. Rockefeller's throat referred to in the said affidavit and know they are therein correctly described.

Mr. Rockefeller has a distinctly pronounced gouty tendency and a further condition to which Dr. Chappell does not refer in his affidavit, is the tremor habit or shaking of the head and hands, which has existed ever since I have attended upon Mr. Rockefeller and is the result of his advanced years and general condition. This shaking of the hands makes it very difficult for him to write continuously without great effort for more than a few minutes.

In the present highly sensitive and critical condition of his throat any effort or strain of excitement might produce a condition that would not only imperil Mr. Rockefeller's life but might very reasonably be expected to cause his sudden death.

ROCKEFELLER'S HEALTH BAD

Financier Under Care of American Physician in the Bahamas.

Special Cable Dispatch to The Sun.

NASSAU, N. P., Jan. 7.—The health of William Rockefeller, who arrived here several days ago with his wife and son and is at the Colonial Hotel, is not good.

The financier, for whom the Pulo company has been looking, is a well man. He is suffering from throat trouble and is being treated by an American physician.

Mr. Rockefeller is in no condition to discuss matters. He will probably remain here for some weeks, as the climate appears to be very beneficial to him.

"SPLIT" LOAN MADE TO SULLIVAN COS.

President of Defunct Home Bank Says He Didn't Know Their Standing.

The alleged loose financial methods employed by certain Brooklyn bankers prior to the panic of 1907 were indicated yesterday by William C. Damon, testifying before Supreme Court Justice Crane and a jury at the continuation of the trial of David A. Sullivan, charged with the larceny of \$20,000 from the defunct Mechanics and Traders Bank later the Union while president of that institution.

The trial is in the shape of a note a loan was made to the Sullivan Cos. which was misappropriated by Sullivan and wrongly used, it is alleged, as security on a loan of \$25,000 obtained from the now defunct Home Bank, of which Damon was president.

Damon testified that Sullivan first spoke to him about the loan at the Union branch of the Mechanics and Traders Bank on November 1, 1907. It appeared on the face of his proposition that the loan was to be made to the Ashford Company and the Joralemon Securities Company, both Sullivan concerns organized for the purpose of lending money on mortgages at higher rates of interest than his bank could legally charge.

Sullivan owed \$100,000 to the Hamilton Bank, then in financial difficulties, and had promised Herman Aaron, the bank's attorney, to pay off \$25,000 of the debt, as it was largely secured by bank stock. Wishing to maintain his credit unimpaired Sullivan cast about for ways of securing the necessary cash. He had already borrowed as much from the Home Bank as the banking law permitted. It was at this juncture that he went to Damon with the request that the Home Bank make the loan to the mortgage companies on their notes of \$20,000 and \$10,000 respectively.

The sum was split in this way as the bank was not able under the law to make a loan of more than \$15,000 to any one individual. Damon further testified he had no personal knowledge at the time of the financial standing of the companies, but had heard that both were under control of the Mechanics and Traders Bank.

"I had heard less about the Ashford Company, if I recall, than I had about the Joralemon Securities Company," he said. "My recollection is that he [Sullivan] said both were good. I believe that is the substance of what he said and about all he did say."

Damon couldn't recall whether Sullivan had said he wanted the \$25,000 for his own use or for the Joralemon company. The witness was asked if Sullivan had not already exhausted his own personal credit with the bank and replied that he had.

The earlier part of the session was devoted almost exclusively to linking the \$20,000 note discounted by the Ashford Company at the Union branch of the Mechanics and Traders Bank on October 18, 1907, to the cashing of the \$25,000 check which was paid to the Hamilton Bank by Sullivan.

The original note was given to the Ashford Company by Mrs. Gazella Maske of 143 Halsey street, Brooklyn, in return for bank money loaned through the company. The Ashford Company, it is alleged, then made out a note against the fictitious credit thus established and turned it over to the Joralemon company. The latter deposited this note for \$20,000 and its own note for \$10,000 in the Home Bank, and with Damon's authorization drew against the account for the full \$25,000 on its own personal check, which it indorsed to Sullivan.

Sullivan, it is claimed, deposited the \$25,000 check with the Empire Trust Company and on November 2 drew his own personal check for \$25,000 against the newly established account and sent it to Mr. Aaron. The latter testified that he had the check certified on November 4 (Sunday intervening) and deposited it in the First National Bank.

The trial will continue to-day.

POWELL CLAYTON RESIGNS.

Out of Republican National Committee After 40 Years Service.

WASHINGTON, Jan. 7.—After forty years of service as a member of the Republican National Committee from Arkansas Gen. Powell Clayton tendered his resignation today to Chairman Charles D. Hilles.

Clayton explained that he did not feel that he should longer hold the office since he was abandoning his residence in Arkansas and proposed to make his permanent home in Washington.

Gen. Clayton for several years was Ambassador to Mexico a decade or so ago, and most of the time since his retirement from the diplomatic service he lived in this city. During his membership on the National Committee Gen. Clayton has been one of the most prominent figures, having served several times on the executive committee and been a delegate to several national conventions, although the State he represented has played no important part in the Republican victories within that period.

FOSS FAVORS INCOME TAX.

Also Wants State to Take Federal Plan as Model.

BOSTON, Jan. 7.—Gov. Foss in a special message this afternoon urges immediate legislation favoring the proposed income tax amendment to the Federal Constitution, asks that action be taken under the ratified amendment to the State Constitution, and that the public kind of the right to relieve forest lands of the present tax burdens and suggests a special commission to make recommendations.

The Governor points out that there is much tax dodging on personal estates and favors new laws. On income yielding property he favors a tax on the income instead of the property.

Gov. Foss says he would model the State and local taxation on similar lines to what he believes are to be provided in the national taxation plan. Massachusetts methods are deemed intolerable, the Governor declares.

WILLS AND APPRAISALS.

WALTER TIPS, who died at Austin, Tex., on April 29, 1911, left a total estate of \$80,122.

CLARENCE W. MARKS, a shoe manufacturer, who died in Chicago on December 18, 1909, left an estate of \$883,109, of which \$15,950 was in Brooklyn Rapid Transit stock. The will names 150 beneficiaries, including many employees who get at least \$200. Bequests of \$5,000 each were left to Charleston, N. H., and Fitchburg, N. H., for the public libraries, and the same amount went to the Chicago Orphan Asylum and Hahnemann Hospital of Chicago.

Mrs. JULIA W. HAND, who died in Brooklyn on August 12, left an estate of \$157,678, according to the report of the State appraiser filed yesterday. Her husband, Charles W. Hand, is the sole beneficiary.

FIND EUROPE'S LAWS ON MONEY ARE BEST

House Committee Hears New York Bankers on New Currency Legislation.

WASHINGTON, Jan. 7.—The Democratic members of the House Committee on Banking and Currency are hostile to the Aldrich plan. This was indicated today at the first hearing of the committee which is charged with the duty of recommending changes in the currency law. It is apparent that the legislation to be proposed will be fashioned along different lines from those suggested by Mr. Aldrich.

The room was crowded today when Representative Carter Glass of Virginia, chairman of the committee, called for order. Among those present were Leslie M. Shaw, former Secretary of the Treasury; A. Platt Andrews, former Assistant Secretary of the Treasury; A. B. Hepburn, ex-president of the Chase National Bank of New York; Victor Morawitz of New York; Paul Warburg of New York; and Messrs. Hepburn, Morawitz and Warburg were the only witnesses heard to-day.

Former Secretary Shaw will go on the stand to-morrow and Mr. Andrews later in the week. Practically all the leading bankers of New York, representatives of commercial bodies and of labor and officers of agricultural granges have been invited to appear before the committee, which wants to get the views of all classes.

Mr. Hepburn commended the Aldrich plan in the strongest possible language. Mr. Morawitz, on the other hand, contended that while the Aldrich plan for a central organization undoubtedly would insure stable and sound conditions in the financial world it apparently was impracticable, because it seemed to be the object of general suspicion. He detailed another plan, which contemplates the expansion of the clearing house system, a system of divisional banks and the creation of a central reserve association.

Mr. Morawitz admitted that his plan resembled that of Senator Aldrich in a general way and that it had the same purpose in view, but said it was preferable for reasons that he outlined.

Mr. Morawitz said that certain financial fallacies had been widely exploited in his country in recent years, that they had been entertained by men in Congress and that care should be exercised to see to it that these fallacies should not find their way into the laws of the land. He declared that any serious distortion in business that might follow the enactment of unwise monetary laws would regret on the part.

The chief speculative part of the community would suffer the least, said Mr. Morawitz. "They can take care of themselves at all times. A disarrangement of the national system, however, has been proposed by some, would in the first place block enterprise, check business activities and thus recoil on the working people of the country."

Mr. Morawitz urged the committee in recommending legislation to be guided by the experience of other countries and not credit to national credit, but that the independence of the other countries has been proposed by some, would in the first place block enterprise, check business activities and thus recoil on the working people of the country."

He insisted that the main trouble with the financial system of the United States was lack of "coordination."

In the United States there are nearly 7,500 national banks and about 20,000 State banking institutions," he said. "Each of these institutions carries on business independently of the other. No other country has the power to try to protect a general situation or to carry on business in accordance with the requirements of the situation. There is no power in the United States to control the expansion of banking credits in the aggregate in relation to the aggregate amount of reserves of actual money held by the banks or to take care of these credits. The result is credits are expanded, speculation is encouraged and business operations are extended to the utmost limit in normal times and no provision is made for those times when an exceptional amount of currency is needed and business operations are extended to the utmost limit in abnormal times."

Mr. Morawitz said the desired results could be obtained by developing and expanding the present system of banking clearing houses. This system, he argued, was the substance of the present day business methods and customs.

"This system certainly has served us well in times of great stress and trouble," he said. "The plan which I suggest is to secure the several banks in the clearing house districts to form divisional reserve banks, each bank to become a part of a divisional reserve bank for a given district. These reserve banks should form a central association and should make such arrangements as might be found advisable for the purpose of facilitating operations among the various divisional reserve banks."

Mr. Morawitz urged that at the outset of this experiment no changes should be made in the currency but that the central association should be empowered to issue notes based on commercial paper.

Mr. Hepburn said that in his opinion the enactment of the Aldrich plan into law would be of great benefit to the country. He said the Aldrich bill represented the ripest judgment and that it was prepared with the greatest care after mature deliberation. He said that the bill had been in the hands of the committee for some time and that he had been consulted in the preparation of the bill and that he was committed to its support. He did not believe that the law would be subject that could be spoken, and said that if the committee could evolve anything better it would have the support of the American Bankers Association.

Mr. Warburg insisted that a great responsibility rested on the committee and that they courted disaster if they attempted to evolve untried plans. He insisted that the severe cross-examination of the committee to read the laws of Europe, that were based on hundreds of years of experience.

Mr. Morawitz said that he had never discussed the lighter cases with Mr. Williams, said Judge Archbald, "although I may have discussed them with attorneys in his presence."

The witness was questioned sharply by Senators Pomeroy, Jones of Washington and Nelson of Minnesota, concerning his action in writing to Helen Bruce, attorney for the Louisville and Nashville Railroad, about a case which had been argued in the Commerce Court by Mr. Bruce and was under advisement by Judge Archbald.

"Do you regard it as good practice for a Judge sitting in a case to confer with counsel on one side regarding the issues after the case is closed without the knowledge of the other side?" asked Senator Pomeroy.

Judge Archbald replied that he did not regard it as a breach of judicial ethics, that the matter concerning which he wrote Mr. Bruce was a small matter, and that it was a small matter why did you think it necessary to write to Mr. Bruce?" inquired Senator Jones of Washington.

The Judge replied that it never had occurred to him that he was doing anything improper. He was questioned by the House managers concerning the language used in a letter to Helen Bruce, which Judge Archbald wrote that he would explain to the attorney when he met him the circumstances that had caused the delay in a certain case. He was asked whether he intended to disclose to the attorney the secrets of the conference room of the Commerce Court Judges and replied that he had no such intention.

Did it never occur to you that it would have been appropriate to send a copy of your correspondence with Mr. Bruce to the attorneys on the other side?"

The Judge replied in the negative. The witness was asked why he wrote letters concerning options on coal property on Commerce Court stationery while many of his letters on other subjects to private corporations were written on his personal stationery.

The witness replied that he probably used Commerce Court stationery because he did not have any other kind at hand. Representative Sterling called the Judge's attention to the fact that only the first page of these letters was on Commerce Court stationery, while the second pages were on blank paper. He finally referred his questioner to a woman stenographer, who took the dictation, saying she must have been responsible.

The witness said that the severe cross-examination Judge Archbald at last seemed to realize that the questions implied criticism, and he observed:

"I was not conscious at any time that in any of these acts I was doing anything wrong, and I am sorry if the Senate takes the opposite view."

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ARCHBALD IS CALM UNDER HOT GRILLING

Didn't Think His Post as Judge Influenced Railroads, He Tells Senators.

DENIES THREAT TO ERIE

And Didn't Mean Anything by Using Court Stationery—

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WASHINGTON, Jan. 7. With the conclusion of the cross-examination of Judge Robert W. Archbald of the United States Commerce Court to-day the taking of testimony in the impeachment case in which he is the respondent was closed and the Senate, after considering the matter in executive session, reached an agreement allowing three days for arguments on the law and fact.

Judge Archbald was subjected to a rigid cross-examination. He maintained his composure under a fusillade of questions from House managers and from the floor of the Senate. Senator after Senator propounded questions intended to elicit from the witness expressions of his idea of professional ethics and judicial character.

The Judge was asked if he had ever associated in his mind the influence as a Judge might have had the effect to induce the railroad companies to grant him options on coal property that would not have been accorded the ordinary citizen.

"No," replied the witness, "it never occurred to me that the fact that I was a Judge would have any influence in the matter and I have reason to believe that it never occurred to the railroads. I submitted it to them as a plain business proposition."

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"No," replied the witness, "it never occurred to me that the fact that I was a Judge would have any influence in the matter and I have reason to believe that it never occurred to the railroads. I submitted it to them as a plain business proposition."

He denied that he told E. J. Williams, his associate in the business of obtaining options on coal property, that he could bring the Erie Railroad to terms because he had pending before him at that time the lighterage cases in which the railroad was interested.

"I do not recall that I ever discussed the lighterage cases with Mr. Williams," said Judge Archbald, "although I may have discussed them with attorneys in his presence."

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